Plan outlay of states

*329. SHRI KALRAJ MISHRA: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Planning Commission finalizes plan outlay on the basis of estimated resources, which will be available to a State throughout the year;

(b) whether it is also a fact that the plan assistance given to a State is not linked to the plan size; and

(c) if so, the reasons why the deduction in the plan assistance is made on account of shortfall in plan expenditure *vis-a-vis* approved plan size due to variation in the resources estimated earlier?

THE MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN): (a) The Annual Plans of States are funded both by the State's own resources as well as by Central Assistance. The size of the Annual Plan of the States is decided by the Planning Commission after detailed discussions with the State Governments and assessment of resource availability.

(b) The total Central Assistance provided by the State Plans is the sum of Normal Central Assistance (NCA), Additional Central Assistance (ACA) for Externally Aided Projects (EAPs) and Additional Central Assistance for specific schemes. While NCA is allocated to the States on the basis of the modified Gadgil-Mukherjee formula, ACA, whether for EAPs or specific schemes, are dependent on the projects and schemes guidelines respectively. There is no relationship between Plan Assistance provided to the State and the approved plan size.

(c) Based on the Guidelines circulated by Planning Commission to State Governments, a proportionate cut in Central Assistance is imposed by the Ministry of Finance, in the following year, for States which record lower expenditure than the Revised Approved Outlay and also on account of shortfalls in the earmarked outlays, during the previous year, with a view to ensuring that the Plan projects are implemented as per the time schedule envisaged.